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SIPDIS

SENSITIVE  
SIPDIS

DEPT PASS USTR FOR KATZ AND BROOKS  
DEPT FOR EAP/RSP and EAP/MTS  
DEPT ALSO FOR OES/IET AND OES/ETC/TED  
USAID FOR MELNYK  
USDA/FAS FOR US FOREST SERVICE-MACKEY

E.O. 12958: N/A

TAGS: [SENV](#) [ECON](#) [ETRD](#) [PREL](#) [PGOV](#) [ID](#)

SUBJECT: INDONESIA - ILLEGAL LOGGING MOU PROJECT PROPOSALS

11. (SBU) Summary: Embassy Jakarta's Illegal Logging Task Force recommends Washington agencies divide the \$1 million in proposed State Department ESF funds under the U.S.-Indonesia illegal logging MOU between the following three activities:

--\$550,000 for the enhancement of an existing DOJ-ICITAP project with the Indonesian Marine Police to provide specific illegal logging related training and support what could lead to high-profile and deterrent level interdictions, seizures and arrests at ports and at sea.

--\$200,000 to support U.S. Forest Service (USFS) collaboration with the Indonesian Ministry of Forestry (MOF) to educate the public and other GOI agencies about the country's new timber and forest legality standard, and assist the Ministry in developing its own management structures and operational procedures to implement it.

--\$250,000 to assist the MOF in planning field tests of its new technology-based log administration system, revenue administration system, and timber traceability system in eight logging concessions in Kalimantan and Sumatra.

We believe support for these three projects would best complement and leverage existing efforts, produce tangible results, and signal strong USG resolve to help combat illegal logging. End Summary.

High Stakes  
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12. (U) Rampant and unchecked illegal logging continues at an alarming pace throughout Indonesia. At current rates of deforestation, most experts believe Indonesia's remaining 60 million hectares of forest will disappear in 20 years. Effectively combating illegal logging across Indonesia's thousands of islands and vast territory is a daunting challenge. It will involve a complex array of political and economic forces, including the military, police, and local governments. There is an equally complex international component representing the demand for products made from Indonesian timber. At the central government level alone, more than a dozen ministries and agencies have some formal responsibility for combating illegal logging.

13. (U) In the past two months, the USG has made two well-publicized commitments to assist the Government of Indonesia (GOI) in combating illegal logging. On November 13, 2006, the USFS and MOF signed a Letter of Intent (LOI) to develop technical cooperation in

sustainable forestry management that will promote the protection, conservation, and sustainable use of forest resources and strengthen such capacity and capability within Indonesia. On November 17, the U.S. Trade Representative (USTR) and the Indonesian Ministers of Trade and Forestry signed a Memorandum of Understanding (MOU) on Illegal Logging and Associated Trade. The MOU constitutes the first such agreement for the U.S., a point noted frequently by both governments, other interested parties, and the press following its signing. With the U.S. showing a greater commitment to addressing this issue, expectations are high. Given the relatively limited funds available to implement the MOU, it will be crucial to choose for funding activities that leverage as effectively as possible actual deterrent results and enhance perceptions of the USG commitment to the issue.

14. (SBU) In this context, Embassy Jakarta's Illegal Logging Task Force recommends dividing the proposed \$1 million in State Department ESF funds to support the illegal logging MOU between the three projects described below. We believe the three activities complement each other very well, and also have the benefit of leveraging additional existing anti-illegal logging projects, both of the USG and other donors.

#### DOJ-ICITAP Marine Police Project

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15. (SBU) DOJ-ICITAP is currently implementing a large scale law enforcement capacity building and assistance project for the Indonesian Marine Police (IMP). The project serves as the cornerstone of our maritime security efforts with the GOI, and includes the provision of 15 high-speed shore patrol vessels to conduct surveillance and interdictions in strategic waterways in the Straits of Malaka and North Sulawesi Sea. As part of the project,

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DOJ-ICITAP is training four IMP operational units in investigation, policy, and operational procedures. These units now have round the clock operational capacity to patrol high traffic coastal areas and interdict suspicious vehicles, including those involved in illegal fishing and trade in illegal logs and timber. Thus far, the DOJ-ICITAP project has supported a 300 percent increase in INP maritime seizures and criminal cases filings.

16. (SBU) Among its recent successes, the IMP has interdicted and seized significant quantities of illegal timber, processed lumber and oil. These seizures have received considerable play in local press and have added a new element of risk to illegal timber and lumber traders. Part of the IMP's success is due to the vulnerability of these shipments while at sea, where they are outside the reach of the complex network of powerful local interests (local politicians, military and police, and private businesses) who support illegal logging on land.

17. (SBU) To strengthen the IMP's capacity to combat illegal timber and lumber trade, we recommend enhancing the DOJ-ICITAP project with an additional US\$ 550,000 in ESF funding. The additional resources would support specific trainings for the four IMP operational units on combating illegal logging; develop a network of cooperation and information sharing between IMP, other GOI agencies, and NGOs; and seek to collaborate with a proposed World Bank law enforcement project aimed at arresting and prosecuting Indonesia's known illegal logging kingpins. Some of the training could specifically focus on ramin identification, a valuable species of hardwood both countries recognize as endangered under CITES. Such training would contribute substantially to efforts coordinated through the existing ASEAN Wildlife Enforcement Network, which focuses on fauna but is mandated to coordinate SE Asia enforcement efforts for all CITES listed species.

18. (SBU) Funding a specific, anti-illegal logging component for DOJ-ICITAP's IMP project would enable us to make a meaningful contribution in the area of law enforcement -- arguably the most challenging area in combating illegal logging in Indonesia. DOJ-ICITAP is a member of the Embassy's Illegal Logging Task Force and is currently exploring collaboration with the Nature Conservancy on raising awareness with the IMP about Indonesia's new legality

standard.

#### USFS Support to Implement Legality Standard

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¶9. (U) With support from USAID grantee The Nature Conservancy (TNC) and a local environmental NGO Lembaga Ekolabel Indonesia, the MOF is on the brink of formalizing a log and forest legality standard for Indonesia. Once the standard is in place, the MOF will require assistance to educate the public and other GOI agencies about the standard and to develop its own management structures and operational procedures to implement it. The USFS has invaluable expertise in these areas that it could share with the MOF and others through short-term TDY consulting assignments and training programs.

¶10. (U) Such an activity would fit well with the USFS's commitment in its Letter of Intent to develop activities supporting legislative, administrative, and public outreach aspects of forest resource management; strengthening processes for forest governance and transparency; and building capacity at all levels and improved field operations. Equally importantly, resuming direct cooperation with the MOF would also signal U.S. commitment to implement the broader MOU. USFS trainings could be tailored to support DOJ-ICITAP's complementary work with the IMP. USFS assistance would also build on TNC's progress to date and complement its future regional efforts.

¶11. (U) (Note: USAID/Indonesia funding for the TNC ends in March 2007. With funding from the USAID Bangkok Regional Mission, TNC's new Responsible Asia Forestry and Trade (RAFT) project will take the lessons learned from efforts in Indonesia and expand them regionally. The project will promote responsible timber trade and sustainable management of forest resources and biodiversity in Asia, with a focus on Indonesia, Malaysia, Vietnam, Cambodia, Lao PDR, Singapore, Papua New Guinea, plus Japan, China and the United States. End Note.)

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#### Operationalize Timber Legality Standard

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¶12. (U) The MOF is planning to field test its new legality standard, technologically based log administration system, revenue administration system, and timber traceability system in eight concessions - five in East Kalimantan, two in West Kalimantan, and one in Riau, Sumatra. The MOF and the World Resources Institute are also digitally mapping and placing in a geographic information system all forest and plantation concessions and, soon, saw and pulp mill operations.

¶13. (U) The MOF requires assistance to establish and implement procedures to share critical information internally as well as improve communication with law enforcement agencies. These procedures would be field-tested in the eight concessions identified by the MOF. We believe that USFS expertise would be invaluable in assisting the MOF in this area, and would track with the USFS's commitment to help MOF improve the use, communication and sharing of technical information related to commercial forest resources. We recommend providing \$250,000 to USFS to support this initiative. Supporting field-based work within a limited number of concessions would complement the other projects proposed through information sharing to curb illegal logging.

ANDERSON